

# Compliance Assessment Sampling Plan – Transaction Value (Unreported and Overall)

CAT KIT Exhibit 7

| Attribute, Test, Errors, & Criteria for Testing  | Sampling Parameters   | Universe   | Potential Sampling Frame(s)  | Evaluation of Compliance Testing & Actions Needed  |
|--|---|--|--|--|
| <p><b>Attribute:</b><br/>Does the value reported to Customs reflect the actual price paid or payable plus statutory additions in accordance with Section 402 Tariff Act of 1930 (19 U.S.C. 1401a), as amended by Section 201, Trade Agreements Act of 1979 and CFR 152 Subparts C and E?</p> <p><b>Test (Primary Audit Steps):</b></p> <ol style="list-style-type: none"> <li>Determine whether undeclared supplemental payments/indirect payments or additions to price paid or payable (selling commissions, royalties, assists, proceeds, packing or indirect payments such as quota) exist.</li> <li>Determine if the company's internal control policies and procedures for reporting supplemental payments and additions to the price paid or payable were <ul style="list-style-type: none"> <li>Documented, and</li> <li>Produced accurate entered value.</li> </ul> </li> </ol> <p><b>Errors:</b><br/>The review disclosed:</p> <ol style="list-style-type: none"> <li>Unreported supplemental payments <ul style="list-style-type: none"> <li>Quota/VISA payments</li> <li>Currency exchange adjustments, and</li> <li>Other</li> </ul> </li> <li>Unreported additions to the price paid or payable <ul style="list-style-type: none"> <li>Selling commissions</li> <li>Royalties</li> <li>Assists</li> <li>Proceeds, and</li> <li>Packing</li> </ul> </li> <li>The importer is unable to provide support to demonstrate that these costs were added to the transaction value of entered merchandise or were not applicable.</li> </ol> <p><b>Criteria for Testing (Statistical Sample or 100% Review):</b><br/>This is a common check trade area that must be performed for every compliance assessment where transaction value is used as the basis of appraisal. <i>Note: Transaction value requires a two part test. This sampling plan addresses the second part, "unreported value" and overall value discrepancies.</i></p> | <p><b>Approach:</b><br/>attribute discovery sampling (minimum level of testing), variable sampling, or 100% review</p> <p>When applicable, multiple sampling frames and methods should be used.</p> <p><b>Confidence Level:</b><br/>95%</p> <p><b>Critical Error Rate:</b><br/>5%</p> <p><b>If variable sampling is used, sample a minimum of 30 items per stratum (recommend at least three strata in addition to the high dollar stratum)</b></p> | <p>Customs related accounting transactions made during the importer's last completed fiscal year</p> <p>Note: domestic transactions may be included in the sampling frame(s), since most accounting systems do not segregate or identify Customs related transactions.</p> | <p><b>Importer's Records:</b><br/>Accounting transactions posted in the importer's records</p> <p><b>Sampling Frame(s):</b><br/>_____<br/>_____<br/>_____<br/>_____</p> <p><b>Validated Sample(s):</b><br/><br/> <input type="checkbox"/> Yes<br/> <input type="checkbox"/> No </p> <p><b>Frame Size(s):</b><br/>_____<br/>_____<br/>_____<br/>_____</p> <p><b>Sample Size(s):</b><br/>_____<br/>_____<br/>_____<br/>_____</p> | <p><b>No Compliance Rate is computed.</b><br/>Determine the total amount of unreported value (supplemental payments and additions to the price paid or payable).<br/><b>Total Unreported Value: \$</b> _____</p> <p><b>Compute Overall Value Discrepancies</b><br/>This includes "reported," "unreported," plus any other value variance found during the compliance assessment, both actual and/or projected from different sampling frames.<br/><b>Total Overall Value Discrepancies: \$</b> _____</p> <p><b>Apply materiality criteria.</b> (CAT Kit Exhibit 32)</p> <p><b>Overall Value Discrepancies Below Threshold (see Materiality Policy)</b></p> <ul style="list-style-type: none"> <li>If internal controls were documented, compliance is at an acceptable level for unreported value.</li> <li>If internal controls were not documented, coordinate with the Account manager to help company develop a CIP.</li> </ul> <p><b>Overall Value Discrepancy Exceeds Threshold (see Materiality Policy)</b></p> <ul style="list-style-type: none"> <li>If internal controls were not documented, importer compliance for unreported value is not acceptable. Coordinate with the Account Manager to help company develop a CIP.</li> </ul> <p><b>Prepare results sheet and refer to the Enforcement Evaluation Team (EET) if findings meet the EET impact level for referral.</b></p> |